



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 23, 2006

CERTIFIED RETURN RECEIPT 7004 2510 0004 1824 3878

Western Clay Company
Brad Boyter
620 East State Highway 24
Aurora, Utah 84620

Subject: Five-Year Review of Reclamation Surety Estimate, Western Clay Company, Last Chance Bentonite Mine, M/015/061, Emery County, Utah

Dear Mr. Boyter:

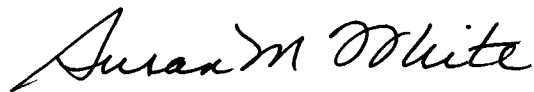
Thank you for providing the information requested for the five-year review of the Last Chance Bentonite Mine. The Division finds based on the information reviewed, that the only changes required for the reclamation cost estimate is a five-year escalation. The surety escalated to the year 2011 is \$53,200. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than July 22, 2006.

Please contact Beth Ericksen at (801) 538-5318 (BethEricksen@utah.gov) to obtain information to increase the dollar amount on the existing letter of credit, or to obtain the current bonding forms. Further information may be required to amend the reclamation contract. Current bonding forms and information are also found on the Division's web page at <http://ogm.utah.gov/minerals/>. Please fax a "draft" copy of the documents to (801) 359-3940 for review prior to finalizing the surety.

Page 2
Bray Boyter
M/015/061
May 23, 2006

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,



Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:pb

Attachment: Surety estimate update

cc: Becky Doolittle, BLM, Price FO, (UTU-69862)
Doug Jensen, DOGM
Beth Ericksen, DOGM

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SURETY ESTIMATE UPDATE

Western Clay Company

Date

22-May-06

Last Chance Bentonite Mine FILE # M/015/061 County

Prepared by Utah Division of Oil, Gas & Mining Last Update 7/2/2001

DESCRIPTION:

- Previous reclamation surety estimate was \$37,144 in year 1995 dollars
- Reclamation Estimate base amount calculated in 1995-\$
- This update adjusts the surety amount for escalation only.

Details of Final Reclamation

- Reclamation consists of earthwork & revegetation - non structures present.
- Trash and debris to be removed to an authorized landfill or disposal area.
- Pit backfilled with overburden & clay waste - clay to be non-impounding.
- Topsoil replaced at approximately 1 foot depth on 8.3 acres.
- Amount of material needed for backfill - operators estimate.
- Borrow area for soil and backfill may be used.
- Disturbed area to be disced, mulched, fertilized, & seeded as requested by the BLM.
- Disturbed acreage is 8.6 acres + 1.9 acres of nonvegetated area.

-Permit boundary includes 20.2 acres

- Area to be disturbed by operator - 10.2 acres.

-Escalation factors through 2006 are actual Means Historical Cost Indices

-Total disturbed area = 10.2 ACRES

CALCULATIONS $F = P(1 + i)^n$	YR	ESCAL FACTOR	BOND AMOUNT
	1995	0.0193	\$37,144
F = Future Sum	1996	0.0242	\$38,043
P = Present Sum	1997	0.0236	\$38,941
i = Escalation Factor	1998	0.0502	\$40,896
n = number of periods	1999	0.0191	\$41,677
	2000	0.0244	\$42,694
Three Yr Average =1.60%	2001	0.0421	\$44,491
Used to Project 5 Yrs	2002	0.0202	\$45,390
From the Year 2006	2003	0.0171	\$46,166
	2004	0.0084	\$46,554
	2005	0.0399	\$48,411
	2006	0.0160	\$49,186
	2007	0.0160	\$49,973
	2008	0.0160	\$50,772
	2009	0.0160	\$51,585
	2010	0.0160	\$52,410
	2011	0.0160	\$53,248

Updated Surety Amount Rounded (2011-\$) \$53,200

** Average cost per acre = 5220 (\$/ACRE)